



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

ROBERT W. SWANSON
ACTING DIRECTOR

Analysis of Enrolled House Bill 5318

Topic: Appointment of Subcommittee by Corporate Committee
Sponsor: Representative Mortimer
Co-Sponsors: Representatives Huizenga, Vander Veen, Baxter, Wenke, Taub, Tobocman
Committee: House Commerce
Senate Economic Development, Small Business & Regulatory Reform
Date Introduced: October 18, 2005
Date Enrolled: March 2, 2006
Date of Analysis: Revised March 3, 2006

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background:

This bill is modeled after Section 141 of the Delaware General Corporation Law.

Description of Bill:

The change here allows a committee created by the board to create a subcommittee. The committee is allowed to delegate all or part of its authority to the subcommittee.

Arguments For:

Makes it easier for committees to get things done if they can appoint subcommittees to deal with specific issues. It also makes it easier to appoint a subcommittee since they only need the approval of the committee not the whole board. There are limitations as to when the committee can appoint a subcommittee if they are adopted by a resolution of the board or found in the articles of incorporation or the bylaws.

Arguments Against:

This amendment allows them to create a subcommittee that is composed of 1 person. This might grant too much decision power to one person, and it could provide him the opportunity to take advantage of his position. Also, this bill states that the only limitations to whether a subcommittee can be formed and what kind of power they can have are located in the articles of incorporation, bylaws or in a resolution by the board. This bill does not take into consideration other laws that might limit the board's decision power in certain areas and the laws that might limit the committee's composition or powers for when they are dealing with those areas.

Supporters:

Business Law Section of the State Bar of Michigan

Opponents:

The only opposition to any of the bills in this package was to House Bill 5322. The Department

of Labor & Economic Growth opposed House Bill 5322, because the problem that the bill was designed to solve had already been addressed in the expedited fee bills.

Other Pertinent Information:

This bill is part of a package of bills (House Bills 5315-23) developed by the Business Law Section of the State Bar of Michigan as part of a regular review of Michigan's corporation laws. These reviews occur roughly at four-year intervals.

Administrative Rules Impact:

The bill will have no impact on administrative rules.

Fiscal Impact:

The bill will have no fiscal impact.